

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2002-101

January 16, 2004

NORTHERN UTILITIES, INC.  
Investigation of Complaints Regarding  
Northern's Billing Practices

**STIPULATION**

---

The Maine Division of Northern Utilities, Inc. ("Northern") and the Office of Public Advocate ("Public Advocate") (collectively "the Parties") hereby agree and stipulate as follows:

I. PURPOSE

The purpose of this Stipulation is to settle all issues in this proceeding, to avoid the need for a hearing on those issues and to expedite the Commission's consideration and resolution of this proceeding. The provisions agreed to herein have been reached as a result of discussions and negotiations among the Parties, with the active participation of the Commission Staff.

II. BACKGROUND

On March 5, 2002, the Maine Public Utilities Commission ("Commission") initiated this proceeding to investigate Northern's use of estimated bills and the circumstances surrounding Northern's use of estimated bills. The Commission also indicated that it would investigate the appropriateness of back bills. Investigation of Complaints regarding Northern's Billing Practices ("Billing Investigation"), *Order Opening Investigation*, Docket No. 2002-101 (Mar. 5, 2002). The Commission stated that the complaints associated with Northern's billing system appeared similar and concluded that it would be appropriate to resolve all the complaints in one proceeding.

The history of this proceeding is as follows:

On March 5, 2002, the Commission issued a Notice of Investigation ("Notice"), which opened a docket for this proceeding, assigning Docket No. 2002-101. The Notice included requests for additional information from Northern.

On March 12, 2002, the Public Advocate intervened in the proceeding.

On March 15, 2002, the New Hampshire Public Utilities Commission, a state agency that regulates Northern's operations in New Hampshire, filed a Petition to Intervene.

On March 18, 2002, Northern responded to the information requests made by the Commission in the Notice opening the investigation.

On March 20, 2002, the Commission held the Initial Case Conference and Technical Conference in Augusta, Maine. The Public Advocate and the NH Public Utilities Commission were granted intervenor status. Central Maine Power Company and Maine Natural Gas Corporation were granted limited intervenor status.

On April 5, 2002, Northern filed with the Commission the Direct Testimony of Stephen H. Bryant, Vice President of Regulatory and Government Policy. Two rounds of discovery were issued and answered in the form of data request responses related to Mr. Bryant's prefiled Testimony.

On April 10, 2002, Northern filed its comments concerning the process for the remainder of the Commission's investigation.

On April 11, the Public Advocate filed comments on Northern's proposal for improvement of its billing practices, as contained in the Direct Testimony of Stephen H. Bryant.

On April 23, 2002, the Commission issued a Procedural Order, which indicated the Staff's need for additional information and outlined the next steps in the process. The Procedural Order also contained a list of additional estimated billing complaints, which were added to the proceeding.

On April 26, 2002, the Staff filed Advisors' Data Request Set 1. Northern replied to all thirty-seven requests in filings made on May 6, May 7, and May 8, 2002.

On May 8, 2002, the Staff filed Advisors' Data Request Set 2 for Northern to respond to at the second technical conference on May 9, 2002. Northern filed its complete written responses to the four requests on May 16, 2002.

On May 9, 2002, the Commission held a second Technical Conference ("Hearing") in this docket.

On May 16, 2002, Northern responded to record requests issued during the Hearing.

On July 18, 2002, Northern filed a letter updating the Staff with the most current information regarding the Company's continued review and, where appropriate, changes to policy or procedure related to billing.

On March 18, 2003, the Examiner's Report was issued.

On April 2, 2003, the Public Advocate filed Exceptions to the Examiner's Report.

On April 2, 2003, Northern filed its Motion for Ruling on Scope and Suspension of Procedural Schedule.

On May 16, 2003, the Commission, in response to Northern's April 2, 2003 Motion, issued an Order Clarifying Scope and Inviting Further Process ("May 16, 2003 Order"). This Order directed Staff to further explain the claimed violations and proposed remedies provided in its March 18, 2003 Report.

On June 18, 2003, the Supplemental Examiner's Report was issued.

On July 1, 2003, Northern filed a request for process, as allowed by the Commission's May 16, 2003 Order. Northern requested a suspension of the procedural schedule to allow the parties to pursue a settlement of the disputed issues.

On July 2, 2003, the Commission issued Procedural Order Granting Suspension of the Procedural Schedule.

Following the issuance of the Supplemental Examiner's Report and the July 2, 2003 Order Suspending the Procedural Schedule, Staff and the Parties discussed the potential of settling the issues in the docket. A series of in-person and telephonic settlement conferences have taken place and additional extensions of time have been requested and granted in an effort to allow continued discussions and negotiations. In each of these meetings, Northern presented, and the Parties discussed, its plan for

correcting the performance issues that gave rise to the investigation. Settlement discussions took place between the Parties, with the participation of Staff, regarding possible resolution of the issues in the proceeding. As a result of those discussions, the Parties agreed that Northern would provide bill credits to certain defined customers, would resolve individual customer complaints and would implement policies designed to increase the number of actual meter readings obtained and the issuance of accurate bills using those actual meter readings. These agreements are reflected in this Stipulation.

### III. STIPULATION PROVISIONS

A. The Parties to this Stipulation agree and recommend that the Commission approve this Stipulation and in doing so find and order as follows:

1. Actual Meter Reads: Between January 1, 2000 and July 31, 2003, Northern was either unable to obtain (i.e., Long No Reads) or rejected an actual meter reading (i.e., Rejected Read) for a period of greater than 6 months, which resulted in a rebill higher than the sum of estimated bills, for approximately 1,400 metered accounts.<sup>1</sup> This inability to either obtain or use an actual meter reading was not the result of extreme weather condition, emergency, equipment failure, work stoppage or other similar circumstances. Therefore, the Parties agree that a remedy for past performance should be given certain customers and a new mechanism should be instituted to ensure improved future performance by Northern.

a) Regarding prospective Rejected Reads, during this investigation Northern has implemented billing policies and procedures that it continues to refine, that are designed to reduce the incidence of estimated bills that result from rejected actual meter reads. The Parties recognize that the data provided to reflect the improvements generated by this policy is ambiguous and requires further tracking to determine whether Northern has made significant improvement in this aspect of its operations.

---

<sup>1</sup> This Stipulation excludes Long No Read or Rejected Read customers where the rebill resulted in a bill credit.

Accordingly, the Parties agree to address the Rejected Reads issue as part of a service quality plan proposed in Docket No. 2002-140. Specifically, Northern will implement a service quality measure designed to address the incidence of estimated bills that result from rejected actual meter reads. This measure is referred to in the proposed Settlement and Service Quality Plan in Docket No. 2002-140 as Actual Meter Reads Used.

b) Regarding prospective Long No Reads, if an actual meter reading is unattainable during the Company's normally scheduled on-cycle meter reading process, Northern commits to follow its Interim Meter Reading Strategy as generally set forth in Attachment 2 of this Stipulation.<sup>2</sup> If it appears that Northern will be unsuccessful in obtaining an actual meter read within 12 months from the previous actual meter reading, and Northern is otherwise unable to turn off gas at the meter, Northern will file with the Commission a timely request for exemption from Chapter 81 as permitted under Commission Rules. The Parties recognize that the data provided to reflect the improvements generated by this policy is ambiguous and requires further tracking to determine whether Northern has made significant improvement in this aspect of its operations. Accordingly, the Parties also agree to address this issue as part of Docket No. 2002-140. Specifically, Northern will implement a service quality measure designed to address the incidence of Long No Reads. This measure is referred to in the proposed Settlement and Service Quality Plan in Docket No. 2002-140 as Long No Reads.

c) Northern commits to continually re-evaluate its long-no-read situation where it faces chronic access problems.

---

<sup>2</sup> The Parties recognize that the specific actions necessary to address chronic Long No Reads may vary over time as the use of technology and management practices change. Therefore, the Long No Read plan set forth in the Interim Meter Reading Strategy may be subject to minor revisions from time to time.

2. Billing Credit for Certain Rebill Amounts. In order to provide a remedy for its past performance regarding Rejected Reads and Long No Reads, Northern will implement a customer-specific billing credit for Eligible Customers that is based on the difference between what the customer was originally billed using a series of estimated meter reads versus what the customer was rebilled using an actual meter read.

a) Definition of Eligible Customer. Customers may be eligible for a billing credit if all of the following conditions are met:

(1) Regarding Long No Read customers, the customer received metered natural gas distribution service from Northern between January 1, 2000 and July 31, 2003; and

(2) Before July 31, 2003, the customer received bills based on estimated meter readings for a period that totaled greater than 12 consecutive months; and

(3) The customer received a make-up bill for an amount greater than that originally billed.

OR

(4) Regarding Rejected Read customers, the customer received metered natural gas distribution service from Northern between January 1, 2000 and July 31, 2003; and

(5) Before July 31, 2003, the customer received estimated bills for a period that totaled greater than six (6) consecutive months even though Northern had obtained an actual meter reading; and

(6) The customer received a make-up bill for an amount greater than that originally billed.

b) Application to past and current balances. Northern will apply all bill credits for Eligible Customers first to past due or presently due balances.

c) Process to Provide Billing Credit. Northern agrees to provide the billing credit to Eligible Customers in accordance with Attachment 1 of this Stipulation (i.e., Bill Credit Process).

3. Resolution of Commission Complaints. As part of the resolution of the issues before the Commission, Northern has ensured that each of the individual complaints filed with the Commission, which meet the eligibility criteria set forth in Section A.2.a, above, has been settled to CAD's satisfaction, and that there are no outstanding issues to be resolved with respect to each of these individual, eligible complainants. See Attachment 3 of the Stipulation for a list of eligible and ineligible CAD case numbers addressed in Docket No. 2002-140. All ineligible CAD cases that are excluded from this Stipulation are being addressed between CAD and the Company on a case-by-case basis outside Docket No. 2002-140. Northern agrees to provide the billing credit to all eligible complainants in a manner consistent with both Attachment 1 of this Stipulation and the CAD's normal complaint procedures. In accepting this Stipulation, the parties request that the Commission recognize the joint efforts of Northern and CAD to determine a reasonable resolution of all eligible complaints in a consistent manner, but agree that this Stipulation does not prohibit the Commission from reviewing individual customer appeals of these determinations.

4. Billings and Collections Activities. The Parties agree that it is reasonable for Northern to activate its billings and collections activities for all accounts frozen under the Commission's March 1, 2002 Order and May 8, 2002 procedural conference. All accounts will be billed using the rates in effect at the time of consumption, not at the time of billing. Customers will be afforded a reasonable period of time to pay amounts

owed to the Company, commensurate with the time in which these amounts accrued, if warranted.

5. Customer Read Notification. Northern agrees that it shall redesign its customer read notification (card) program, as shown in Attachment 4, to reference a 24-hour IVR number for a call-in meter reading.

6. Final Report. Northern agrees to provide a final report to the Commission and Parties following the completion of its Rebill Process showing the bill credit amounts and accounting treatment of credits paid to all customers covered by this Stipulation.

7. Other. Consistent with this Stipulation:

- a) Northern commits to institute and ensure compliance with and enforcement of the internal billing exceptions and metering processes that continue to evolve as a result of this investigation;
- b) Northern commits to ensure that employees understand fully the Maine regulations and make sure that lump sum billing is not used in Maine;
- c) Northern has, in conjunction with CAD, reviewed its CIS to ensure complete customer records are available as required by Chapter 81;
- d) Northern commits to report on or before December 15, 2004 on its evaluation of the use of Automatic Meter Reading in Maine, as compared to its New Hampshire distribution system and Bay State Gas Company's Massachusetts distribution systems, particularly as it applies to chronic Long No Read locations; and
- e) Northern commits to institute and ensure continuous training on the appropriate bill analysis and cycle reading methods to ensure compliance with Chapter 81.



8. Effective Date. The agreements made by Northern in this Stipulation shall be put into effect no later than thirty (30) days from the date such agreements are approved by the Commission in writing.

9. In General.

a) Stipulation as Integrated Document. This Stipulation represents the full agreement between all Parties to the Stipulation and rejection of any part of this Stipulation constitutes a rejection of the whole.

b) Non-Precedential Effect. The Stipulation shall not be considered legal precedent, nor shall it preclude a party from raising any issues in any future proceeding or investigation on similar matters subsequent to this proceeding.

c) Record. The record on which the Commission may base its determination whether to accept and approve this Stipulation shall include this Stipulation, the responses to the Notice of Investigation information requests filed with the Commission on or about March 18, 2002, the prefiled Testimony of Stephen H. Bryant filed on or about April 4, 2002, the responses to record requests and Advisory Staff Data Requests submitted by Northern in May, 2002, the Hearing Examiner's Report of March 18, 2003, the Supplemental Hearing Examiner's Report of June 18, 2003, and the updated schedules provided to the Parties and the Staff on October 1, November 5, and December 12, 2003.

d) Staff Presentation of Stipulation. The Parties to the Stipulation hereby waive any rights that they have to the extent necessary to permit the Advisory Staff to make any report, proposed findings or recommendations regarding this Stipulation and/or the resolution of this case without providing a copy in writing in advance to the Parties with an opportunity to submit a response or exceptions thereto.

NORTHERN UTILITIES, INC.

BY: \_\_\_\_\_  
ITS: \_\_\_\_\_ DATE

OFFICE OF THE PUBLIC ADVOCATE

By: \_\_\_\_\_  
ITS: \_\_\_\_\_ DATE